

Summary
of the
HIGH-SPEED RAIL SYSTEM
Business Plan

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Adopted by the California High-Speed Rail Authority in 2000 Entitled
"Building a High-Speed Train System for California"

Summary of the HIGH-SPEED RAIL SYSTEM Business Plan

In June 2000, the California High-Speed Rail Authority adopted a *Final Business Plan* for an economically viable train system capable of speeds in excess of 200 miles per hour on a fully grade-separated track with state-of-the-art safety, signaling and automated control systems.

With a burgeoning population and increasingly congested highways and airports, Californians are confronted with finding practical options to accommodate the intercity* travel needs of 45-50 million Californians by the year 2020. The Authority's Business Plan for a high-speed train system details a realistic approach for constructing, operating and financing an efficient and economically viable alternative — high-speed trains.

Electric-powered, high-speed trains could be operated at speeds up to 220 mph, allowing for travel from downtown San Francisco to Los Angeles in just under 2-1/2 hours. The proposed 700-mile-long system would stretch from San Francisco, Oakland and Sacramento in the north, through the Central Valley, to Los Angeles and San Diego in the south. It would be connected to the state's existing transportation network, with station links to airports, intercity rail and bus lines, commuter rail lines and urban rail transit lines.

Conservative estimates from the Business Plan project that in 20 years, a high-speed train system would be able to:

- Return twice as much financial benefit to the state's citizens as it costs
- Carry more than 32 million intercity passengers and another 10 million long-distance commuters annually in the San Francisco Bay Area, in the Los Angeles area and in San Diego
- Generate at least \$900 million in annual revenues
- Return an annual operating surplus to the state of more than \$300 million

A Smart Investment

Over the next 20 years, the proposed high-speed train system would cost only a fraction of the anticipated \$220 billion in fuel and sales taxes that are expected to be dedicated to transportation across the state. According to the Business Plan, the proposed high-speed train system would be a statewide transportation project that is economically justified and an invigorating force for the California economy.

According to the Business Plan, through the year 2050, California would accrue more than double the total costs using the study's "highest return on investment" scenario.

In addition, the system would mean jobs for Californians. The Business Plan estimates construction of the high-speed train would generate almost 300,000 job-years of employment. And once system operations begins, it would provide steady jobs for thousands of California residents.

* "Intercity" means region-to-region trips, not including daily commute trips

Serving A Growing Market

Currently, Californians make more than 154 million trips a year between the major metropolitan regions of Northern and Southern California and the regions in between. More than 42 million of these trips are for journeys at least 150 miles long. And this market is projected to grow by 63 percent over the next 20 years. While the automobile now dominates intercity travel, high-speed trains are projected to carry at least 32 million intercity passengers annually, to transport another 10 million commuters, and would be able to serve many more.

A new high-speed train system would offer fast, safe and efficient intercity travel to the Central Valley, a region that today has limited airline service and which faces significant travel reliability problems associated with fog.

Benefiting All Intercity Travelers

Just as has occurred in European nations and Japan after decades of high-speed train service, the Authority's research predicts that all California travelers can expect benefits from a proposed high-speed train system.

Californians who continue to travel by air would find that by absorbing millions of travelers, high-speed trains would reduce delays at major airports and would cut remaining aircraft operating costs — an estimated savings of more than \$12 billion by 2050. The trains also would reduce the need for more airport expansions — expansions that have become increasingly difficult and costly to construct because of urban and environmental considerations.

Both intercity and urban highway users would benefit from reduced highway congestion as a result of travelers using high-speed trains. By making fewer intercity trips by auto than they otherwise would have, Californians would also benefit from reduced accident rates and reduced air pollution emissions. These highway-related benefits would have a present value of over \$13.6 billion, with reduced highway delays being the most significant benefit.

Offering Competitive Fares

High-speed train service could accommodate over half of the trips within California that might otherwise be made via air travel in the year 2020. In fact, the high-speed train system is projected to generate surplus revenue with fares significantly lower than current airfares — about half the cost for travel from San Francisco to Los Angeles.

AVERAGE ONE-WAY FARES (1999 dollars)

Business Fare (ONE WAY)	Non-Business Fare (ONE WAY)	City Pair (DOWNTOWN TO DOWNTOWN)
\$42	\$24	Los Angeles – San Francisco
\$32	\$18	Merced – San Francisco
\$35	\$20	Fresno – Los Angeles
\$32	\$18	Los Angeles – San Diego
\$37	\$21	Bakersfield – Sacramento
\$40	\$22	Burbank – San Jose
\$35	\$20	Sacramento – San Jose

Reducing Gridlock

By 2020, high-speed trains would connect the major metropolitan areas of California. This means millions of long-distance travelers would be able to use high-speed trains to reach the city centers of San Francisco, San Jose, Los Angeles and San Diego. This will directly benefit all motorists and air passengers with traffic reductions on both intercity and urban highways and airports, and will reduce the number of highway accidents, decrease the level of pollution and improve travel times for its users.

Funding and Building the System

A new **high-speed train** system in California must be competitive with automobiles and airplanes. Highways and aviation have enjoyed decades of public support, and are consequently economical to use. Similarly, the initial segments of the high-speed train system would depend on public resources for construction.

The Authority reviewed two potential funding scenarios for the construction of the proposed system and recommended a phased-funding approach. Such an approach would focus on securing funding as needed to design, build and operate the proposed system in reasonable increments.

Recommendations

The California High-Speed Rail Authority's Business Plan details a practical approach to constructing, operating and financing a high-speed train system, and conveys a reasoned assessment of how California can accommodate the intercity travel needs of 45-to-50 million Californians in 2020. The recommendations in this Business Plan are economically feasible, publicly acceptable, and fiscally prudent for initiating an investment in California's infrastructure of this magnitude.

In the plan, the Authority recommends that the governor and the Legislature take the following actions:

- 1. Initiate a formal environmental clearance process** with a state-level program environmental impact report (EIR)/federal-level Tier 1 environmental impact statement (EIS) on the high-speed train network described in this plan.
- 2. Increase funding and accelerate planning and programming** for intercity and commuter rail improvements that can provide enhanced, higher-speed service to Californians earlier and ultimately become part of the high-speed train network.
- 3. Begin an aggressive statewide effort to increase federal funding** for both conventional and high-speed trains in California. In addition, this effort should include working with the Federal Railroad Administration (FRA) and high-speed train manufacturers to resolve safety and compatibility issues.
- 4. Encourage state, regional and local entities** to include high-speed trains in their planning for the future.

The complete Business Plan can be found at:
<http://www.cahighspeedrail.ca.gov>

